

Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name VILLAGE OF GARDEN	County DELTA
Fiscal Year End 2/28/04	Opinion Date 10/19/05	Date Audit Report Submitted to State 7/17/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP). *N/A for 2/28/04*
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

N/A

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input type="checkbox"/>		
Other (Describe)		<input checked="" type="checkbox"/>	REPORT ON INTERNAL CONTROL AND COMPLIANCE UNDER GAS IS ENCLOSED	
Certified Public Accountant (Firm Name) SCHNEIDER, LARCHE, HAAPALA, & CO., PLLC		Telephone Number 906-786-6151		
Street Address 401 LUDINGTON STREET		City ESCANABA	State MI	Zip 49829
Authorized CPA Signature <i>Karen L. Meiers CPA</i>		Printed Name KAREN L. MEIERS		License Number 1101015357

TOTAL P.02

FINANCIAL STATEMENTS

VILLAGE OF GARDEN

For the year ended February 28, 2004

TABLE OF CONTENTS
FINANCIAL STATEMENTS

VILLAGE OF GARDEN

February 28, 2004

<u>EXHIBIT</u>		<u>PAGE</u>
	Independent Auditors' Report	1
	<u>Combined Financial Statements</u>	
I	Combined Statement of Assets and Liabilities Arising from Cash Transactions - All Fund Types	3
II	Combined Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances - All Governmental Fund Types	4
III	Combined Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types	5
IV	Combined Statement of Revenues Received, Expenses Paid and Changes in Retained Earnings - All Proprietary Fund Types	6
V	Combined Statement of Cash Flows - All Proprietary Fund Types	7
	Notes to Financial Statements	8
	<u>Combining Financial Statements</u>	
	Special Revenue Funds:	
VI	Combining Statement of Assets and Liabilities Arising from Cash Transactions	15
VII	Combining Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances	16
	<u>Individual Fund Financial Statements</u>	
	General Fund:	
VIII	Statement of Budgeted and Actual Revenues Received	17
IX	Statement of Budgeted and Actual Expenditures Paid - by Activity	18

TABLE OF CONTENTS
FINANCIAL STATEMENTS

VILLAGE OF GARDEN

February 28, 2004

<u>EXHIBIT</u>	<u>PAGE</u>
	Special Revenue Funds:
X	Major Street Fund, Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - Budget and Actual 19
XI	Local Street Fund, Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - Budget and Actual 20
	<u>Supporting Schedules</u>
XII	Schedule of General Fund Expenditures Paid by Activity and Account 21



*Schneider, Larche,
Haapala & Co., PLLC*

**CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS**

David P. Pechawer, C.P.A., P.C.
Denise M. Boyle, C.P.A., P.C.
Bruce D. Dewar, C.P.A.
Karen L. Meiers, C.P.A., P.C.

October 19, 2005

Village Council
Village of Garden
Delta County, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the combined financial statements of the Village of Garden, Michigan and the combining and individual fund financial statements of the Village as of and for the year ended February 28, 2004, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

As described more fully in Note 2, the combined financial statements referred to above do not include financial statements of the General Fixed Asset Account Group. In addition, as described more fully in Note 6, the Village has not capitalized and depreciated enterprise fund type property and equipment acquired prior to March 1, 1979; nor has the Village recorded contributions in aid of construction attributable to such acquisitions. The effect of these departures from the basis of accounting described in Note 1, while material, could not be determined.



In our opinion, except for the effect on the financial statements of the omission and the departure described in the preceding paragraph, the combined financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Village of Garden, Michigan as of February 28, 2004, and the revenue collected and expenditures or expenses paid, and the cash flows of the proprietary fund types, during the year then ended on the basis of accounting described in Note 1. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of each of the individual funds of the Village of Garden, Michigan, as of February 28, 2004, and the revenue collected and expenditures paid of such funds during the year then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2004, on our consideration of the Village of Garden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Village of Garden, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the combined, combining and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds taken as a whole.

Schneider, Lauche, Haapala & Company, PLLC

Certified Public Accountants

COMBINED FINANCIAL STATEMENTS

VILLAGE OF GARDEN

**COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM
CASH TRANSACTIONS - ALL FUND TYPES**

February 28, 2004

	Governmental Fund Types		Proprietary Fund Types	Long-term Debt Account Group	Totals (Memorandum Only)
	General	Special Revenue	Enterprise		
ASSETS					
Cash	\$ 1,394	\$ 31,136	\$ -	\$ -	\$ 32,530
Due from other funds	13,211	7,642	932	-	21,785
Restricted Assets:					
Cash	-	-	8,418	-	8,418
Land	-	-	7,955	-	7,955
Equipment	-	-	23,116	-	23,116
Water system	-	-	1,537,382	-	1,537,382
Accumulated depreciation	-	-	(442,309)	-	(442,309)
Amount to be provided for retirement of general long-term debt	-	-	-	31,191	31,191
TOTAL ASSETS	\$ 14,605	\$ 38,778	\$ 1,135,494	\$ 31,191	\$ 1,220,068
LIABILITIES AND FUND EQUITY					
Liabilities:					
Payroll taxes withheld	\$ 23,916	\$ -	\$ -	\$ -	\$ 23,916
Due to other funds	1,579	3,881	16,325	-	21,785
Notes payable	-	-	-	31,191	31,191
Revenue bonds payable	-	-	181,500	-	181,500
TOTAL LIABILITIES	\$ 25,495	\$ 3,881	\$ 197,825	\$ 31,191	\$ 258,392
Fund Equity:					
Contributed capital	\$ -	\$ -	\$ 1,364,664	\$ -	\$ 1,364,664
Retained earnings:					
Reserved for revenue bond debt service	-	-	8,418	-	8,418
Unreserved	-	-	(435,413)	-	(435,413)
Fund balance:					
Reserved for recreation	1,005	-	-	-	1,005
Unreserved, undesignated	(11,895)	34,897	-	-	23,002
TOTAL FUND EQUITY	(\$ 10,890)	\$ 34,897	\$ 937,669	\$ -	\$ 961,676
TOTAL LIABILITIES AND FUND EQUITY	\$ 14,605	\$ 38,778	\$ 1,135,494	\$ 31,191	\$ 1,220,068

See notes to financial statements.

VILLAGE OF GARDEN

COMBINED STATEMENT OF REVENUES RECEIVED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCE -
ALL GOVERNMENTAL FUND TYPES

For the year ended February 28, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Revenues Received:			
Taxes	\$ 23,675	\$ -	\$ 23,675
State grants	22,682	28,867	51,549
Local grants	1,000		1,000
Charges for services	13,262	-	13,262
Other	<u>2,202</u>	<u>-</u>	<u>2,202</u>
	\$ <u>62,821</u>	\$ <u>28,867</u>	\$ <u>91,688</u>
Expenditures Paid:			
Legislative	\$ 2,385	\$ -	\$ 2,385
General government	63,311	-	63,311
Public works	3,294	16,797	20,091
Recreation and culture	4,227	-	4,227
Debt service	6,579	-	6,579
Other	<u>-</u>	<u>4,250</u>	<u>4,250</u>
	\$ <u>79,796</u>	\$ <u>21,047</u>	\$ <u>100,843</u>
Excess of Revenues Received Over (Under) Expenditures Paid	(\$ 16,975)	\$ 7,820	(\$ 9,155)
Fund Balance, March 1	<u>6,085</u>	<u>27,077</u>	<u>33,162</u>
Fund Balance, February 28	(\$ <u>10,890</u>)	\$ <u>34,897</u>	\$ <u>24,007</u>

See notes to financial statements.

VILLAGE OF GARDEN

**COMBINED STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES**

For the year ended February 28, 2004

	General Fund		Special Revenue Funds		Totals	
	Budget	Actual	Budget	Actual	(Memorandum Only)	Variance- Favorable (Unfavorable)
Revenues Received:						
Taxes	\$ 25,000	\$ 23,675	\$ -	\$ -	\$ 25,000	\$ 23,675 (\$ 1,325)
State grants	24,000	22,682	24,000	28,867	48,000	51,549 3,549
Local grants	-	1,000	-	-	-	1,000
Charges for services	14,800	13,262	-	-	14,800	13,262 (1,538)
Other	21,200	2,202	-	-	21,200	2,202 (18,998)
	\$ 85,000	\$ 62,821	\$ 24,000	\$ 28,867	\$ 109,000	\$ 91,688 (\$ 17,312)
Expenditures Paid:						
Legislative	\$ 6,000	\$ 2,385	\$ -	\$ -	\$ 6,000	\$ 2,385 \$ 3,615
General government	67,719	63,311	-	-	67,719	63,311 4,408
Public works	2,930	3,294	24,000	16,797	26,930	20,091 6,839
Recreation and culture	8,351	4,227	-	-	8,351	4,227 4,124
Debt service	-	6,579	-	-	-	6,579 (6,579)
Other	-	-	-	4,250	-	4,250 (4,250)
	\$ 85,000	\$ 79,796	\$ 24,000	\$ 21,047	\$ 109,000	\$ 100,843 \$ 8,157
Excess of Revenues Received Over (Under) Expenditures Paid	\$ -	(\$ 16,975)	\$ -	\$ 7,820	\$ -	(\$ 9,155) (\$ 9,155)
Fund Balance, March 1	6,085	6,085	27,077	27,077	33,162	33,162 -
Fund Balance, February 28	6,085	10,890	27,077	34,897	33,162	24,007 (\$ 9,155)

See notes to financial statements.

VILLAGE OF GARDEN**COMBINED STATEMENT OF REVENUES RECEIVED,
EXPENSES PAID AND CHANGES IN RETAINED EARNINGS -
ALL PROPRIETARY FUND TYPES**

For the year ended February 28, 2004

	<u>Enterprise Funds</u>	<u>Total</u>
Operating Revenues Received:		
Customer charges	\$ 34,409	\$ 34,409
Operating Expenses Paid:		
Wages	\$ 10,848	\$ 10,848
Operating supplies	1,574	1,574
Insurance	9,131	9,131
Electricity	2,504	2,504
Telephone	423	423
Fuel	2,835	2,835
Repairs	9,935	9,935
Miscellaneous	2,208	2,208
Depreciation	38,991	38,991
Other Expenses:		
Embezzlement loss	<u>6,302</u>	<u>6,302</u>
	\$ <u>84,751</u>	\$ <u>84,751</u>
Excess Operating Expenses	(\$ 50,342)	(\$ 50,342)
Nonoperating Revenues Received (Expenses Paid):		
Interest income	61	61
Interest expense	(<u>9,150</u>)	(<u>9,150</u>)
Excess of Expenses Paid Over		
Revenues Received	(\$ 59,431)	(\$ 59,431)
Retained Earnings (deficit), March 1	(<u>367,564</u>)	(<u>367,564</u>)
Retained Earnings (deficit), February 28	(\$ <u>426,995</u>)	(\$ <u>426,995</u>)

See notes to financial statements.

VILLAGE OF GARDEN**COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES**

For the year ended February 28, 2004

INCREASE (DECREASE) IN CASH

	<u>Enterprise Funds</u>	<u>Total</u>
Cash Flows from Operating Activities:		
Excess operating expenses	(\$ 50,342)	(\$ 50,342)
Adjustments to reconcile excess operating expenses to net cash flows from operating activities:		
Depreciation	38,991	38,991
Net increase in due to other funds	<u>13,890</u>	<u>13,890</u>
NET CASH FROM OPERATING ACTIVITIES	\$ <u>2,539</u>	\$ <u>2,539</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of fixed assets	(\$ 7,595)	(\$ 7,595)
Principal repayments	(3,000)	(3,000)
Interest paid	(<u>9,150</u>)	(<u>9,150</u>)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(\$ <u>19,745</u>)	(\$ <u>19,745</u>)
Cash Flows from Investing Activities:		
Interest received	\$ <u>61</u>	\$ <u>61</u>
NET CASH FROM INVESTING ACTIVITIES	\$ <u>61</u>	\$ <u>61</u>
NET DECREASE IN CASH	(\$ 17,145)	(\$ 17,145)
Cash, beginning of year	<u>25,563</u>	<u>25,563</u>
Cash, end of year	<u><u>\$ 8,418</u></u>	<u><u>\$ 8,418</u></u>

See notes to financial statements.

VILLAGE OF GARDEN

NOTES TO FINANCIAL STATEMENTS

February 28, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Village applies criteria set forth in generally accepted accounting principles in evaluating how to define the Village for financial reporting purposes. These principles require that the financial statements present the Village and its component units, if any. Component units are separate entities for which the Village government is considered financially accountable. The Village has determined that no component units currently exist for the Village.

Basis of Presentation - The major focus of a governmental accounting and reporting system is to show adherence to applicable legal provisions and to determine fairly and with full disclosure the financial position and results of financial operations of each accounting entity within a governmental unit.

In accordance with the above criteria, the accounts of the Village of Garden are organized on the basis of individual funds or account groups, each of which is considered a separate accounting entity. Each fund is accounted for with a separate, self-balancing set of accounts that comprise its assets, liabilities, equity, revenues and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund categories and three generic fund types as follows:

Governmental Funds:

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources and transactions not properly or legally accounted for in another of the Village's funds.

Special Revenue Funds - The Village's special revenue funds are used to account for proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulations. The following special revenue funds are maintained by the Village:

Major Street Fund
Local Street Fund

VILLAGE OF GARDEN

NOTES TO FINANCIAL STATEMENTS

February 28, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds:

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues received, expenses paid and/or net receipts is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following enterprise fund is maintained by the Village:

Water System Fund

Basis of Accounting - The cash basis of accounting is used by all of the Village's funds. Under the cash basis of accounting, revenues are recognized as received and expenditures or expenses are recognized as paid. Accordingly, the financial statements do not reflect assets arising from revenues earned but not yet collected, or liabilities from expenditures or expenses incurred but not yet paid. Fixed assets acquired by enterprise fund types are recorded as fund assets and depreciated over their estimated useful lives.

Budgets - The Village prepares annual budgets under the cash basis of accounting.

Cash - For purposes of the Statement of Cash Flows, cash includes restricted cash in the Water System Fund.

Restricted Assets - Certain bond ordinances require that the Water System fund establish and maintain prescribed cash reserves that can be used only to service outstanding debt and for maintenance, renewal and replacement.

Memorandum Totals - The total column of the Combined Statements is captioned "Memorandum Only" to indicate that is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with the basis of accounting described in Note 1. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

VILLAGE OF GARDEN

NOTES TO FINANCIAL STATEMENTS

February 28, 2004

NOTE 2 - FIXED ASSETS

The Village does not maintain a detailed record of the general fixed assets used in governmental fund type operations. Accordingly, the General Fixed Asset Group of Accounts is not included in the Combined Statement of Assets and Liabilities Arising from Cash Transactions as generally accepted by the Village's basis of accounting described in Note 1.

Property, plant and equipment acquired by enterprise fund types subsequent to February 28, 1979 are recorded at cost and depreciated over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives are as follows:

Equipment	5 - 10 years
Water system	40 years

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Bond Ordinances - Ordinance 7 provides for reserves to be accumulated out of the Water System revenues. At February 28, 2004 the Village was not in compliance with all reserve requirements. The required and actual reserve balances as of February 28, 2004 are as follows:

	<u>Required Balance</u>	<u>Actual Balance</u>
Operation and Maintenance Fund:		
Reasonable and necessary expenses for the ensuing quarter	\$ 7,732	\$ 5,745
Bond and Interest Redemption Fund	2,981	933
Bond Reserve Account	12,000	273
General Purpose Account	71,142	1,278

Excess of Expenditures Over Appropriations - Public Act 2 of 1968, as amended by Public Act 621 of 1978, prohibits local governments in Michigan from incurring expenditures in excess of appropriations adopted by the governing body. The following amounts of excess expenditures were incurred by the Village during the current year:

VILLAGE OF GARDEN

NOTES TO FINANCIAL STATEMENTS

February 28, 2004

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

	<u>Budget</u>	<u>Actual Expenditures</u>	<u>Excess</u>
General Fund:			
Insurance	\$ 10,000	\$ 10,400	\$ 400
Payroll taxes	5,000	7,690	2,690
Embezzlement loss	-	1,200	1,200
Street lighting	2,930	3,294	364
Debt service	-	6,579	6,579
Major Street Fund:			
Employee insurance	400	588	188
Insurance	500	3,073	2,573
Repairs and maintenance	-	251	251
Embezzlement loss	-	4,250	4,250
Local Street Fund:			
Repairs	-	770	770
Insurance	400	1,852	1,452

Deficit Fund Equity - At February 28, 2004 the General Fund had a deficit fund balance of \$10,890 and the Water System Fund had a deficit fund equity of \$426,995.

NOTE 4 - CASH DEPOSITS

Cash deposits are recorded at cost. All cash deposits are held in federally insured banks located in the State of Michigan. During the past year, cash balances deposited have exceeded the maximum federally insured deposit levels. At February 28, 2004 the carrying amount of the Village's cash deposits was \$40,948 and the bank balance was \$51,472 which was fully covered by federal deposit insurance.

VILLAGE OF GARDEN

NOTES TO FINANCIAL STATEMENTS

February 28, 2004

NOTE 5 - PROPERTY TAXES

The Village's annual property tax on real and personal property within the Village is levied on July 1, and is based on taxable valuation of property as of the preceding December 31.

Taxes are generally payable by September 15. Unpaid real property taxes as of February 28 are turned over to the County Treasurer for collection. The County maintains a tax revolving fund which permits the County to pay 100% of the delinquent real taxes within approximately 90 days of their delivery to the County.

The Village recognizes property taxes as revenue when received. Accordingly, no receivables for delinquent property taxes are reflected in the financial statements.

NOTE 6 - ENTERPRISE FUND FIXED ASSETS

The following summarizes the changes in enterprise fund fixed assets for the year ended February 28, 2004:

	Balance, <u>March 1</u>	Additions/ <u>Transfers</u>	Retirements/ <u>Transfers</u>	Balance, <u>February 28</u>
Land	\$ 7,955	\$ -	\$ -	\$ 7,955
Water system	1,529,787	7,595	-	1,537,382
Equipment	<u>23,116</u>	<u>-</u>	<u>-</u>	<u>23,116</u>
	\$ 1,560,858	\$ 7,595	\$ -	\$ 1,568,453
Accumulated depreciation	(<u>403,318</u>)	(<u>38,991</u>)	<u>-</u>	(<u>442,309</u>)
Net undepreciated cost	\$ <u>1,157,540</u>	(\$ <u>31,396</u>)	\$ <u>-</u>	\$ <u>1,126,144</u>

The Village's financial statements do not include any property or equipment, or the related contributions in aid of construction, for property acquisitions prior to March 1, 1979 since proper records of such acquisitions were not maintained by the Village.

VILLAGE OF GARDEN

NOTES TO FINANCIAL STATEMENTS

February 28, 2004

NOTE 7 - LONG-TERM DEBT

The following is a summary of the Village's long-term debt transactions for the year ended February 28, 2004:

	Enterprise Fund	General Fund	
	Water System Revenue Bonds	Note Payable	Note Payable
Debt outstanding, March 1, 2003	\$ 184,500	\$ 28,016	\$ 8,495
Repayments	(<u>3,000</u>)	(<u>3,427</u>)	(<u>1,893</u>)
Debt outstanding, February 28, 2004	\$ <u>181,500</u>	\$ <u>24,589</u>	\$ <u>6,602</u>

Water System debt outstanding as of February 28, 2004, consisted of the Water System revenue bonds in the amount of \$181,500 which bear interest at 5%. Principal is due in annual installments ranging from \$3,000 to \$12,000 through the year 2031. Interest is due in semi-annual installments on March 1 and September 1. The Water System revenue bonds are secured by a statutory first lien on the net revenues of the Water System. The following summarizes the debt service requirements for the next five years and thereafter:

	Water System	General Fund
Year ended February 28,		
2005	\$ 12,075	\$ 8,351
2006	11,925	8,351
2007	11,775	7,924
2008	11,625	5,733
2009	12,475	3,909
Thereafter	<u>282,275</u>	<u>-</u>
TOTAL	\$ <u>342,150</u>	\$ <u>34,268</u>

The above schedule includes \$163,727 of interest payments.

VILLAGE OF GARDEN
NOTES TO FINANCIAL STATEMENTS

February 28, 2004

NOTE 8 - FUND EQUITY

Specific reservations of fund balance amounts and retained earnings are summarized below:

General Fund - The original recreation donations are to be used for recreation purposes only.

Water System Fund - Reserves represent those portions of retained earnings that are legally segregated in conjunction with the issuance of revenue bonds for debt service and maintenance, renewal and replacement.

NOTE 9 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village carries commercial insurance for these risks of loss, including employee health insurance.

NOTE 10 - SUBSEQUENT EVENT

The Water System Fund, General Fund, and Major Street Fund reflect embezzlement losses totaling \$11,752, which occurred during the year ended February 28, 2004.

The Village expects to recover a significant portion of these embezzlement losses, as well as a portion of the embezzlement losses which occurred in the previous years.

COMBINING FINANCIAL STATEMENTS

VILLAGE OF GARDEN

COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING
FROM CASH TRANSACTIONS - ALL SPECIAL REVENUE FUNDS

February 28, 2004

	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 22,603	\$ 8,533	\$ 31,136
Due from other funds	<u>7,642</u>	<u>-</u>	<u>7,642</u>
	\$ <u>30,245</u>	\$ <u>8,533</u>	\$ <u>38,778</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Due to other funds	\$ -	\$ 3,881	\$ 3,881
 Fund Equity:			
Fund balance	<u>30,245</u>	<u>4,652</u>	<u>34,897</u>
	\$ <u>30,245</u>	\$ <u>8,533</u>	\$ <u>38,778</u>

See notes to financial statements.

VILLAGE OF GARDEN**COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS**

For the year ended February 28, 2004

	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Total</u>
Revenues Received:			
State grants	\$ <u>18,771</u>	\$ <u>10,096</u>	\$ <u>28,867</u>
	\$ <u>18,771</u>	\$ <u>10,096</u>	\$ <u>28,867</u>
Expenditures Paid:			
Public works	\$ 10,719	\$ 6,078	\$ 16,797
Other	<u>4,250</u>	<u>-</u>	<u>4,250</u>
	\$ <u>14,969</u>	\$ <u>6,078</u>	\$ <u>21,047</u>
Excess of Revenues Received Over (Under) Expenditures Paid	\$ 3,802	\$ 4,018	\$ 7,820
Fund Balance, March 1	<u>26,443</u>	<u>634</u>	<u>27,077</u>
Fund Balance, February 28	\$ <u>30,245</u>	\$ <u>4,652</u>	\$ <u>34,897</u>

See notes to financial statements.

INDIVIDUAL FUND FINANCIAL STATEMENTS

VILLAGE OF GARDEN

STATEMENT OF BUDGETED AND ACTUAL REVENUES RECEIVED
GENERAL FUND

For the year ended February 28, 2004

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Taxes:			
Current taxes	\$ 17,000	\$ 17,726	\$ 726
Delinquent taxes	8,000	5,949	(2,051)
State Grants:			
Revenue sharing	24,000	22,682	(1,318)
Local Grants:			
Historical society grant	-	1,000	1,000
Charges for Services:			
Garbage collection	8,300	8,765	465
Equipment rentals	6,500	4,497	(2,003)
Other:			
Recreation	-	1,159	1,159
Miscellaneous	9,500	1,040	(8,460)
Interest earnings	-	3	3
Interfund reimbursements	<u>11,700</u>	<u>-</u>	(<u>11,700</u>)
	\$ <u>85,000</u>	\$ <u>62,821</u>	(\$ <u>22,179</u>)

See notes to financial statements.

VILLAGE OF GARDEN**STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES PAID**
GENERAL FUND

For the year ended February 28, 2004

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Legislative:			
Village Council	\$ 6,000	\$ 2,385	\$ 3,615
General Government:			
Village President	250	250	-
Village Clerk	3,340	2,282	1,058
Village Treasurer	3,580	2,862	718
Village hall	32,756	30,930	1,826
Equipment maintenance	8,900	5,819	3,081
Insurance	10,000	10,400	(400)
Payroll taxes	5,000	7,690	(2,690)
Elections	840	-	840
Other	3,053	1,878	1,175
Embezzlement loss	-	1,200	(1,200)
Recreation and culture	8,351	4,227	4,124
Public Works:			
Street lighting	2,930	3,294	(364)
Debt Service:			
Principal and interest	-	6,579	(6,579)
	\$ <u>85,000</u>	\$ <u>79,796</u>	\$ <u>5,204</u>

See notes to financial statements.

VILLAGE OF GARDEN

STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MAJOR STREET FUND

For the year ended February 28, 2004

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues Received:			
State grants	\$ <u>13,000</u>	\$ <u>18,771</u>	\$ <u>5,771</u>
	\$ <u>13,000</u>	\$ <u>18,771</u>	\$ <u>5,771</u>
Expenditures Paid:			
Wages	\$ 4,000	\$ 3,653	\$ 347
Employee insurance	400	588	(188)
Contracted services	200	-	200
Insurance	500	3,073	(2,573)
Repairs and maintenance	-	251	(251)
Equipment rental	4,000	3,154	846
Miscellaneous	3,900	-	3,900
Embezzlement loss	<u>-</u>	<u>4,250</u>	(<u>4,250</u>)
	\$ <u>13,000</u>	\$ <u>14,969</u>	(\$ <u>1,969</u>)
Excess of Revenues Received Over (Under) Expenditures Paid	\$ -	\$ 3,802	\$ 3,802
Fund Balance, March 1	<u>26,443</u>	<u>26,443</u>	<u>-</u>
Fund Balance, February 28	\$ <u><u>26,443</u></u>	\$ <u><u>30,245</u></u>	\$ <u><u>3,802</u></u>

See notes to financial statements.

VILLAGE OF GARDEN**STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL STREET FUND**

For the year ended February 28, 2004

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues Received:			
State grants	\$ <u>11,000</u>	\$ <u>10,096</u>	(\$ <u>904</u>)
	\$ <u>11,000</u>	\$ <u>10,096</u>	(\$ <u>904</u>)
Expenditures Paid:			
Wages	\$ 2,000	\$ 1,669	\$ 331
Employee insurance	400	294	106
Contracted services	200	-	200
Repairs	-	770	(770)
Insurance	400	1,852	(1,452)
Equipment rental	2,500	1,493	1,007
Audit	500	-	500
Other	<u>5,000</u>	<u>-</u>	<u>5,000</u>
	\$ <u>11,000</u>	\$ <u>6,078</u>	\$ <u>4,922</u>
Excess of Revenues Received Over (Under) Expenditures Paid	\$ -	\$ 4,018	\$ 4,018
Fund Balance, March 1	<u>634</u>	<u>634</u>	<u>-</u>
Fund Balance, February 28	\$ <u><u>634</u></u>	\$ <u><u>4,652</u></u>	\$ <u><u>4,018</u></u>

See notes to financial statements.

SUPPORTING SCHEDULES

VILLAGE OF GARDEN**SCHEDULE OF GENERAL FUND EXPENDITURES PAID -**
BY ACTIVITY AND ACCOUNT

For the year ended February 28, 2004

<u>Village Council</u>	
Board fees	\$ 1,600
Dues and administrative expenses	<u>785</u>
	\$ <u>2,385</u>
 <u>Village President</u>	
Salary	\$ <u>250</u>
 <u>Village Clerk</u>	
Salary	\$ 2,267
Supplies	<u>15</u>
	\$ <u>2,282</u>
 <u>Village Treasurer</u>	
Salary	\$ 2,502
Supplies	15
Bond	96
Travel	103
Miscellaneous	<u>146</u>
	\$ <u>2,862</u>
 <u>Village Hall</u>	
Wages	\$ 20,521
Contract labor	2,579
Fuel	599
Supplies	932
Electricity	928
Telephone	409
Heat	2,778
Water	-
Repairs	2,122
Miscellaneous	<u>62</u>
	\$ <u>30,930</u>

VILLAGE OF GARDEN**SCHEDULE OF GENERAL FUND EXPENDITURES PAID -
BY ACTIVITY AND ACCOUNT**

For the year ended February 28, 2004

<u>Equipment Maintenance</u>	
Supplies	\$ 835
Gas and oil supplies	2,710
Repairs and maintenance	<u>2,274</u>
	\$ <u>5,819</u>
 <u>Street Lightings</u>	
Electricity	\$ <u>3,294</u>
 <u>Insurance</u>	\$ <u>10,400</u>
 <u>Payroll Taxes</u>	\$ <u>7,690</u>
 <u>Miscellaneous</u>	\$ <u>309</u>
 <u>Other</u>	\$ <u>1,569</u>
 <u>Embezzlement loss</u>	\$ <u>1,200</u>
 <u>Cultural</u>	
Historical Society	\$ <u>264</u>
 <u>Recreation</u>	
Supplies	\$ 3,927
Bank Charges	<u>36</u>
	\$ <u>3,963</u>
 <u>Debt Service</u>	
Principal	\$ 5,320
Interest	<u>1,259</u>
	\$ <u>6,579</u>
 TOTAL EXPENDITURES	\$ <u><u>79,796</u></u>